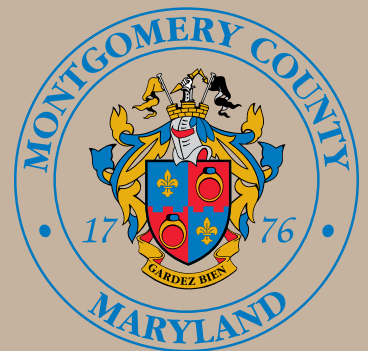


Montgomery County

DEPARTMENT OF LIQUOR CONTROL

ANNUAL REPORT FY 2010





A NOTE FROM THE HONORABLE ISIAH LEGGETT, MONTGOMERY COUNTY EXECUTIVE

We know that the sale and distribution of a controlled substance comes with a responsibility to educate and support the establishments that serve these products thus ensuring the safety of Montgomery County residents and the vitality of our licensed businesses.

That is why moderation and responsibility are the foundations for County policies regulating the sale and consumption of beverage alcohol products. These policies also reflect our continuing commitment to safe streets, secure neighborhoods and healthy, sustainable communities.

As always, the revenue generated through the sale of beverage alcohol products goes into the County's General Fund, which in turn benefits every County resident. Over the last 10 years, more than \$223.3 million has gone into this fund, helping to fund a wide range of projects and services throughout the County.

With its innovative programs promoting responsible sales and services and its professional acumen in providing a vast and diverse list of product offerings, the Department of Liquor Control (DLC) makes a significant contribution to our quality of life here in Montgomery County. I am proud of the service DLC provides to our residents and commend the employees for the hard work and public outreach they perform on the job each and every day.

Isiah Leggett
Montgomery County Executive



Welcome to Montgomery County, MD

Montgomery County is located adjacent to the nation's capital, Washington, D.C., and includes 497 square miles of land area and 10 square miles of lakes and streams. The County is the second largest jurisdiction in the region, accounting for eight percent of total population in the Washington, D.C. metro area. In July 2009, Montgomery County had a total population of 971,600, up two (2) percent from 2008 and eleven (11) percent from 2000. Ninety-eight thousand (98,000) new households are expected between 2000 and 2040, a 27 percent increase.

The County's economic structure reveals a diversified economy with a strong service sector. The

private sector (trade, information services, financial activities, professional services, education, health and hospitality) employed 82.8 percent of the total workforce in 2007, the latest available annual data. In January 2010, there were 510,000 jobs in Montgomery County. Montgomery County ranks first among large counties (250,000 or more residents) nationwide in educational attainment, with 29 percent of resident having earned an advanced degree.

Combine this with world-class performing art venues, fabulous restaurants, shopping, entertainment spots, and history, Montgomery County remains a very special place.

DEPARTMENT OVERVIEW

Montgomery County's Department of Liquor Control operates facilities for the wholesale and retail distribution of alcoholic beverages in Montgomery County, MD. The department controls the wholesale distribution of all beverage alcohol in the County, and (subject to one grandfathered exception) the retail sale of all distilled spirits for off-site consumption. The department shares the retail sale of beer and wine with approximately 950 licensed retailers.



\$0

No property, state or local taxes are used to support the department.

\$30 Million

Over 30 million dollars were transferred to the General Fund in 2010 to pay for important services.

\$223.3 Million

Over 223.3 million dollars were transferred to the General Fund in the last 10 years

ORGANIZATIONAL CHART



Director
George F. Griffin



**Chief of
Operations**
Gus Montes de Oca

Purchasing and Customer
Service

Wholesale Operations
(sales, warehousing and delivery)

Retail Operations
(sales, promotions and marketing)



**Chief of Licensure,
Regulation and Education**
Kathie Durbin

Licensure and Staffing for the
Board of License Commissioners

Regulation

(alcohol and tobacco inspections)

Education, Training, Development of
Community Alliances



**Chief of
Administration**
Sunil Pandya

Administration
(budget, HR, facilities)

Finance
(A/P, A/R, pricing, financial reporting)

Information Technology
(wholesale, retail, LRE and financial)

MISSION STATEMENT

The mission of the Department of Liquor Control is to provide licensing, wholesale and retail sales of beverage alcohol products, enforcement and effective education and training programs, while promoting moderation and responsible behavior in all phases of distribution and consumption.

The department diligently promotes, enforces and obeys all laws and regulations governing beverage alcohol while generating revenue for the benefit of Montgomery County's General Fund.

LETTER FROM THE DIRECTOR

The past year ending June 30, 2010 was the most difficult and challenging one in memory for those of us charged with directing public agencies here in Montgomery County. After meeting challenges of a tough prior year, we began the fiscal year with an austere operating budget and harsh economic landscape and were forced during the year to craft major savings plan reductions, including the elimination of twelve positions, even though as an enterprise fund agency we are not tax-supported. During this time we kept a wary eye on sales results to see if the marketplace would provide us with the revenue necessary to enable us to make our target contribution to the County's General Fund.



Improving sales figures in February 2010 signaled a relatively strong second half of the fiscal year and we did meet our projected gross sales figures. Gross sales totaled \$227,335,338, representing a total sales increase of 3.82% over the previous year. Of this total, \$106,247,721 was generated in our retail stores, which is an increase of nearly 6% over FY09. Total wholesale revenue, or sales to licensees, was \$121,087,617, representing an increase of nearly 2% over FY09, and reflecting the nearly universal weakness experienced by the hospitality industry.

For the year ending June 30, 2010, the department made a contribution of \$30,175,062 to the Montgomery County General Fund, which included debt service payments in the amount of \$1,131,782, which covered the costs of the Montgomery County Liquor Control Revenue Bonds.

Operationally, we are on track to successfully implement the deployment of our new retail point-of-sale system early in FY11 and are preparing for our relocation to our new warehouse facility in mid 2012. Our Licensure, Regulation and Education division continues to be a national leader in community-based alcohol educational and regulatory programs. Montgomery County was recently recognized by both the National Association of Counties (NACo) and the National Liquor Law Enforcement Association (NLLEA) for our Keeping it Safe program, citing it as a "Best Practice".

Being a control jurisdiction has enabled the department to contribute significantly to Montgomery County residents' quality of life through aggressive education programs and community partnering; vast product selection at fair prices and the continued significant contributions to the General Fund that pay for important resident services.

I hope you enjoy reading this year's annual report and that it helps the reader to get to know us better, understand our mission and see the result of the work done by the dedicated employees of Liquor Control.

George Griffin
Director, Montgomery County Department of Liquor Control

CONTROL JURISDICTION ADVANTAGE

Alcohol is a very special and sometimes controversial commercial product that deserves particular care. With the repeal of national prohibition in 1933, the method of beverage alcohol regulation fell to the citizens who decided by state, and sometimes by jurisdiction, how they could balance rights and responsibilities to best serve the community interest. For the individual who chose to drink responsibly, provision had to be made for the legal sale of beverage alcohol while, at the same time, the substantial social risks and economic costs of alcohol abuse had to be considered.

While a number of citizens chose to resume the legal sale of alcohol through licensed private sellers, 18 states and several local jurisdictions opted for a different course - control jurisdiction, where economic incentives for maximum sales were replaced with policies supporting moderate consumption. Seven decades later, those jurisdictions continue to use the control method, and such durability suggests that the wisdom of this method is sound.

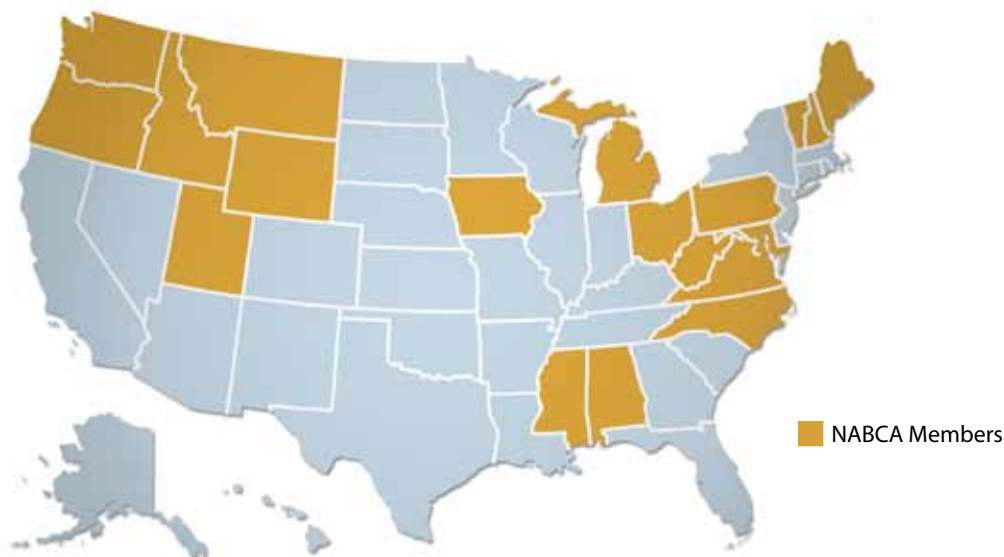
Montgomery County is proud to be one of those control jurisdictions and believes that it has successfully achieved the delicate balance of...

- providing high-quality products and services to customers;
- improving the overall safety of communities through education, regulation and enforcement; and
- generating revenue for transfer to the General Fund to pay for important resident services.

28 percent

Today, 28 percent of the total U.S. population operates under the control mode.

MEMBERS OF THE NATIONAL ALCOHOL BEVERAGE CONTROL ASSOCIATION



Focus: DEPARTMENT'S POINT OF SALE (POS)



In 2009, the County contracted with Systems Technology Group (STG) from Buffalo, New York to replace its antiquated point-of-sale (POS) system with a proven multi-location point-of-sale solution. STG offered Microsoft based software, IBM hardware and an integrated age verification software solution, as well as a secure solution for accepting credit cards. Moreover, STG possessed the proven experience in designing, installing and supporting the system that the County sought. IT manager Jhason Abuan and Retail Operations Manager Diane Wurdeman discuss the system:

What improvements were you looking for in purchasing the new system and did you get what you wanted?

Jhason: From an IT perspective, the "old" point-of-Sale (POS) system had served the County well but was obsolete - no system support, no hardware maintenance contract and no scale to grow. The new POS system consists of best of breed hardware components from IBM and software from Microsoft, specifically Microsoft's Dynamics Retail Management System. The contractor has worked well with the County to implement an integrated end-to-end customized solution specific to the department's needs. With the new system we now have the ability to add functionality as needed, we have enhanced reporting capability, strong software support, robust hardware and outstanding hardware support.

Diane: Operationally, one thing we desired was more granular reporting. We wanted a POS system that was built on a relational database, so that any user can build reports and manipulate existing reports. In the "old" system, there is no way to block data, cut and paste, or access functions or reports in any way familiar to most computer users in 2010. Overall, we wanted to provide a better experience for both the employee and the customer: a faster transaction, ease of finding products at other stores, ability to purchase gift cards, and most importantly, the ability to provide fast, safe, and secure credit card transactions.

What features do you especially like?

Diane: The customer-facing devices like the signature capture and the large customer screen, which shows the customer every line of their transaction as it happens are wonderful. Now the customer sees exactly what was scanned, how the system rang up the sale price, etc., and takes control of scanning their credit card. Features like these provide a richer, friendlier customer experience, and the presentation of the whole register system at the counter looks very professional and upscale.

Jhason: For support, we have a 7 x 24, 365 days a year four-hour onsite response time for IBM hardware related issues. For other issues, the Contract provides an acceptably rapid response time for software related problems depending on the severity of the issue.

Will the system grow with you in the future?

Diane: Absolutely! Because of the ability for ad-hoc reporting, we can always create new reports, or tweak existing reports, as needs change. Because of the greater memory and speed capabilities of the new system, all functions can be performed more quickly; and because it is a Windows-based product (versus our current DOS-based program), there is a lot more flexibility for change.

Jhason: One of our biggest challenges is Payment Card Industry (PCI) Compliance, which is an ever-evolving set of standards with the purpose of protecting sensitive credit card data. This solution utilizes the services of a third-party vendor that encrypts a customer's credit card information in real-time during a transaction and sends this data to a secure datacenter facility in another part of the Country. From there it is forwarded it to our credit card processor. This third-party acts as a gateway that protects data prior to transactions reaching the credit card processor. The advantage of this solution is that absolutely no sensitive credit card data or card security codes are stored in any of the department's systems. And it is a very cost effective solution to PCI compliance, since it will grow as the industry changes without the County needing to invest the significant amount of money that would be required to constantly evolve the highly secure credit card compliancy environment on its own.

The closing of FY10 finds the project well underway, with system design and programming concluded and the installation of a number of stores completed. Total completion of the project is targeted for October 2010.



Focus: OPERATIONS

- In Fiscal Year 2010, the Department of Liquor Control opened its' largest retail store (7,750 square feet). With a new updated layout and design, this store has been able to focus on having the largest wine and spirits selection along with over 600 square feet of display space.

- The Inventory Listing Committee was formalized in Fiscal Year 2010 to facilitate the analysis of inventory turns and cost along with listing and delisting of products. This committee meets monthly for listing presentations and has proved very successful in identifying the needs of both the licensees and the suppliers.

- Bethesda Magazine readers voted DLC Retail stores the Best Place to Buy Wine. This readers choice award was based on availability of products, selection, prices and customer service. This was the first award of this kind for DLC retail stores.



- The Department of Liquor Control has finished the design phase of the new warehouse with Capital Projects of the County and will submit for the bids in late 2010. The project is set to begin in July 2011 with a completion date of July 2012. The size of the new warehouse will be



220,000 square feet and will be totally climate controlled. The office space will boast three (3) conference rooms, one (1) large room for retail training and educational trainings and also a new hearing room for the Montgomery County Board of License Commissioners.

- The Warehouse Section completed in Fiscal Year 2010 the restructure of the Special Order section allowing a more efficient method to receive and store special order products.

- In Fiscal Year 2010 the Delivery Section implemented a licensee visit program by our delivery supervisors to not only evaluate delivery personell, but to also talk to the licensees about deliveries and other issues so DLC can learn what is working and what needs to be changed.



LICENSURE, REGULATION AND EDUCATION (LRE)

OVERVIEW OF DIVISION

The Montgomery County Department of Liquor Control (DLC), as a “control jurisdiction” facilitates the wholesale distribution of beer, wine and spirits to over 900 licensed establishments in the County. Along with the sale and distribution of a controlled substance comes a responsibility to educate and support the establishments served to ensure the safety of Montgomery County residents and the vitality of licensed businesses. The Division of Licensure, Regulation and Education (LRE) is one the three divisions within the DLC. Within this division there are three offices that work closely together, the Licensure Office, the Regulation Office and the Community Outreach/Education Office.

LICENSURE OFFICE

The Licensure Office processes alcoholic beverage license applications (new, transfer, one-day, renewals) in compliance with Article 2B of Maryland state law and the Rules and Regulations of the Board of License Commissioners (County Board). Licensure staff assist applicants throughout the application process from initial inquiry through license issuance and beyond, and provides staff support to the Board. The Licensure Office is also involved in issuing violation letters, collecting fines, and scheduling show-cause hearings before the Board.



SPOTLIGHT ON THE MONTGOMERY COUNTY BOARD OF LICENSE COMMISSIONERS

The Board of License Commissioners is charged with regulating the sale and distribution of alcohol in accordance with Article 2B of the Annotated Code of Maryland and has full power and authority to adopt such reasonable rules and regulations as the board deems necessary to enable it to effectively discharge the duties imposed upon it by Article 2B.

The Board of License Commissioners issues licenses for the sale of alcoholic beverages and may revoke or suspend licenses, or issue fines up to \$20,000 for violations.

FY10 Board Members:

Dee Metz, Commissioner

Donald R. Gilchrist, Commissioner

Eugene M. Thirolf, Chair

Maria Peña-Faustino, Commissioner

Keith Um, Commissioner



Focus: ON CUSTOMER SERVICE

ALCOHOL LAW EDUCATION AND REGULATORY TRAINING

The LRE team at Liquor Control developed and provides a bi-weekly free-of-charge ALERT (Alcohol Law Education and Regulatory Training) program. Designed to educate servers, sellers, management and owners of licensed County businesses in alcohol beverage regulatory compliance, the training program is offered twice a month to all County businesses (or potential businesses). This program has been recognized as a valuable resource to the business community, and is being mandated by the Board of License Commissioners and by District Court judges hearing cases of those businesses and/or individuals cited with alcohol violations.

In Fiscal Year 2010, there were a total of 450 individuals trained in ALERT by the LRE team.



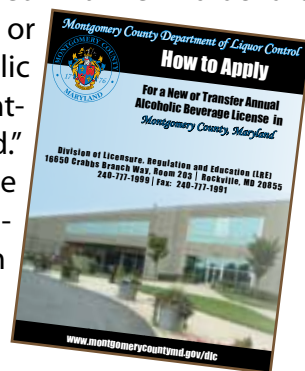
FINGERPRINTING NOW AVAILABLE

Beginning in 2010, the Montgomery County Department of Liquor Control now offers fingerprinting to alcohol license applicants and managers. Fingerprinting is offered every Wednesday from 2:00 - 4:00 PM in the Licensure, Regulation and Education (LRE) Main Office. The cost is \$15 per card.



'HOW TO APPLY' BROCHURE

The LRE division developed a new brochure "How to Apply for a New or Transfer Annual Alcoholic Beverage License in Montgomery County, Maryland." The brochure is available on the department's website or in hard copy from the licensing office, consolidating a great deal of information that helps applicants for new or transfer annual licenses as they go through the application process.



ALERT EVALUATION QUOTES FROM ATENDEES:

"Class was very helpful and full of vital information"

"Extremely Interesting!"

"Very Informative"

"Instructors were well informed, kept the class interesting, and were willing to answer any questions"

"Instructors very knowledgeable on all topics"

Focus: ON SAFETY

MONTGOMERY COUNTY KEEPING IT SAFE

FISCAL YEAR 2010 ALCOHOL AND TOBACCO COMPLIANCE CHECKS

Alcohol Regulation

Recognizing that alcohol licensed businesses are the first line in defense to reduce the availability of alcohol to youth under 21 years of age, intoxicated individuals, and to maintain keg registration a comprehensive compliance DLC developed a program. A compliance check involves youth under the age of 20, using their own ID, who attempt to purchase alcohol at a licensed establishment or through room service at a hotel or motel. Alcohol Inspectors and Police conduct compliance checks in tandem delivering both an administrative violation against the liquor licensee and a criminal citation to the individual seller/server for failed compliance.

Findings- While total alcohol *compliance rates fell (2%) from 80% in 2009 to 78% in 2010, primarily because of a spike in sales to intoxicated individuals, there was a positive (9%) rise in compliance for under 21 alcohol sales, from 71% in 2009 to 80% in 2010.

**there are other types of compliance checks*

Compliance Checks for Underage Alcohol Sales	Number Checked	Number Sold	Compliance Rate
	550	110	80%

Protocol- Maintaining a consistent protocol is the basis of a successful compliance check program. All underage volunteers are checked to ensure the only belongings on their person at the time of an attempted purchase is their valid ID, a cell phone for safety and buy money funded by the Licensure, Regulation and Education (LRE) Division of the Department of Liquor Control. Age enhancements such as facial hair, provocative clothing, and sun glasses are unacceptable. UV's attend an extensive training that includes detailed protocol as well as role playing.

What We Are Seeing- Although they are the primary intention, underage sales and over service are not the only violations yielded from compliance checks. On occasion offenses such as tampering, unapproved source of alcohol, lack of alcohol awareness training and other violations are identified during compliance checks.

Tobacco Regulation

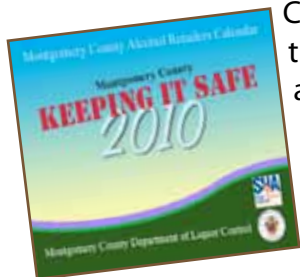
The Montgomery County Department of Liquor Control conducts annual tobacco compliance checks to reduce tobacco sales to minors under the age of 18; and to ensure product placement laws are followed. Tobacco sales were found to be higher among young female purchasers than among males. With 73 illegal tobacco buys made by 14 female under age volunteers; and 42 illegal tobacco purchases made by 17 male under age volunteers.

Compliance Checks for Underage Tobacco Sales	Number Checked	Number Sold	Compliance Rate
	400	115	71%

Compliance Team: Montgomery County Department of Liquor Control, Montgomery County Police Department, Montgomery County Sheriff's Office, and the Montgomery County State's Attorney's Office.

Focus: ON COMMUNITY

Along with the sale and distribution of a controlled substance comes a responsibility to educate and support the establishments served. The



Community Outreach/Education Office consults with and assesses establishments to keep businesses on track. Helping communities flourish through the promotion of alcohol laws, public awareness and responsible

hospitality practices are priorities. Below is a partial listing of programs and efforts.

- The Community Outreach Office builds Business Alliances to support safe and vibrant communities. Business Alliances serve as a community based umbrella organization under which local business owners' work with State, County and City governments to customize and implement comprehensive prevention, education and enforcement programs addressing alcohol abuse, drinking in public and related community concerns. Alliance initiatives have a direct impact on the neighborhood's alcohol related social issues.
- The Outreach Office supports multi agency efforts through grant writing and reporting. Grants are applied to support business alliance efforts including enforcement overtime (police and inspectors) as well as community education and training on alcohol. Grant funding has also been allocated to program evaluation, educational resources and community education events. In the last two years, Community Outreach grant funding has totaled over \$100,000. (Maryland Highway Safety Office, Washington Regional Highway Safety Office, NABCA Educational Award, Montgomery County Tobacco Use Prevention and Cessation Program, SAMSHA, Governor's Office of Crime Control and Prevention (GOCCP)- EUDL funds)



- Quarterly, the Outreach Office organizes Safety Alliance meetings where we serve as a liaison between businesses and county code enforcement. Quarterly, the Outreach Office hosts a meeting of county code enforcement agencies to network and share program information. The outreach office disseminates this essential public safety information to licensees.

- Throughout the year, the Outreach Office creates and promotes the "Keeping it Safe" public education campaign. This campaign outreaches to both the hospitality industry and the community with educational materials such as ID checking calendars, signage and a responsible hospitality newsletter. A



social host responsibility campaign titled "Adult Host Responsibility" is promoted through out the year through print materials and speaking engagements. Aiming at changing the culture, social host responsibility promotes parental communication and zero tolerance for underage alcohol use. An online e-newsletter, Safenet, is geared towards county parents on youth alcohol prevention. Safenet currently serves hundreds of county parents and all Montgomery County PTAs.

- Due to demand, a free tobacco retailer's course was developed focusing on local laws, ID checking and best practices.
- The Outreach Office distributes monthly newsletters targeting different audiences including SAFEnet, LRE Bulletin, Newslink, and one page resource tip flyers.
- Point of sale materials are available to all county licensees at no charge through the Outreach Office including: ID Checking Calendars, Point of Sale Materials such as the "We Check ID's" stickers, and brochures on different alcohol topics.

Focus: ON COLLABORATION

• The Division of Licensure, Regulation and Education stayed extremely active in Fiscal Year 2010 with the community by hosting national and statewide forums, speaking at local schools, and organizing community meetings. Some of the events include the 8th Annual Responsible Retailing Forum, Maryland Alcohol Licensing Association (MALA) Conference, Keeping it Safe Town Hall Meeting, St. Mary's School Presentation, Rockville Town Center Community and Business Meeting, Responsible Hospitality Institute (RHI) Nighttime Economy Forum, and the Maryland Statewide Alcohol Beverage Forum.



Focus: ON COMMUNICATION ENHANCEMENTS

• Fiscal Year 2010, DLC re-vamped its website, www.montgomerycountymd.gov/dlc, to allow for better information flow. Highlights include:

- The LRE Division has posted all applications on the DLC website as interactive forms to enable licensees to complete the forms online.
- Administration completed the automation of its pricing process, enabling vendors to electronically

submit their product price changes and run pricing reports.

- Retail Operations reorganized sale pages into monthly and weekly specials and enhanced the product search capabilities.
- Wholesale Operations expanded its webpage capabilities to accommodate more operating systems and browsers for licensees who want to order online.

Focus: ON RESULTS

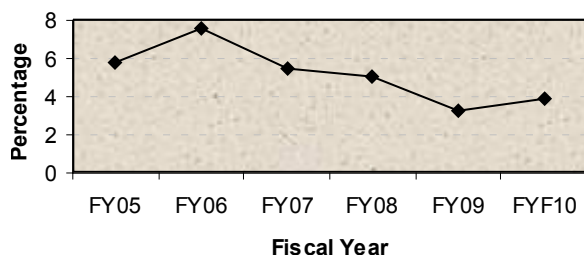
- In Fiscal Year 2010, DLC stepped up its media efforts. In response, DLC saw an increase in coverage in both tv, web/internet, and print media outlets including Fox 5, The Gazette, NABCA, the Sentinal, www.stopalcoholabuse.gov, and Responsible Hospitality Institute.
- DLC received the 2010 National Association of Counties (NACo) Achievement Award for its "Keeping It Safe" public education campaign program. This initiative is comprised of numerous awareness programs and tools, and is a model for the state of Maryland. Tools include training and distributing information to adults in the community, including identification checking calendars, point-of-sale signage, monthly bulletins promoting responsible hospitality and under 21 alcohol prevention information.
- The National Liquor Law Enforcement Association (NLLEA) presented the John W. Britt Community Service Award to the Keeping it Safe Coalition on Under 21 Alcohol Use Prevention for its proactive approach to working with the Department of Liquor Control, local law enforcement and other prevention agencies to increase awareness regarding laws prohibiting underage drinking.

Results: SYSTEMATIC PLANNING AND REVIEW

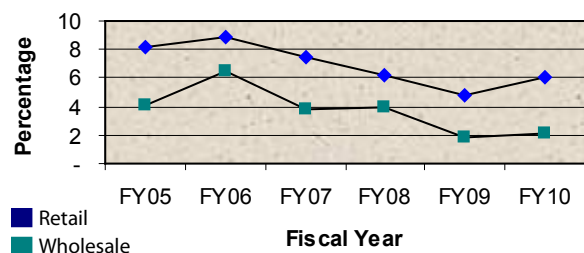
MANAGEMENT DISCUSSION

The department provides a wide selection of beverage alcohol products at competitive prices to shoppers in Montgomery County while promoting moderation and responsible consumption of the beverage alcohol products offered for sale. To gauge our success, the department monitors several headline measures:

Annual Sales Growth, Overall



Annual Sales Growth, Retail and Wholesale

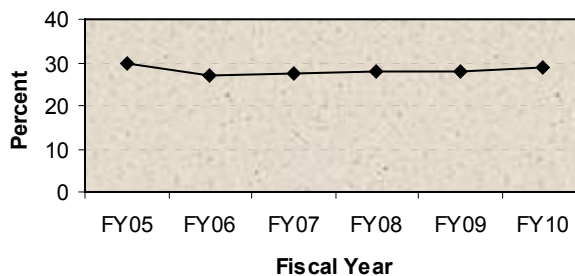


ANNUAL GROWTH SALE

Contributing factors to meeting growth targets are the high level of customer satisfaction in retail stores and wholesale delivery operations, while restricting factors include an overall national trend that point to flattening consumption, tight economic restraints, and our limited advertising strategy that reflects the County's role in this business operation.



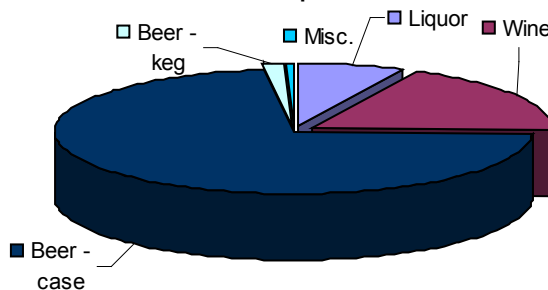
Cost of Goods Sold to Sales



COST OF GOODS SOLD TO SALES

Cost of goods sold to sales is a measure of the gross profit margin. Our goal is to maintain a gross profit margin of twenty-eight percent across all segments. Contributing factors are sound management of product selection, tight inventory control and competitive pricing; while restricting factors include the growing interest in more modestly priced items, in-house cost escalations such as funding negotiated compensatory expenses, and other increasing costs such as retail store leases and utility costs, which are rising well above any increase in sales.

Product Depletions



PRODUCT DEPLETIONS

Beer-Case	3,714,115
Wine-Case	938,462
Liquor-Case	364,605
Beer-Keg	78,835
Miscellaneous-Case	23,527

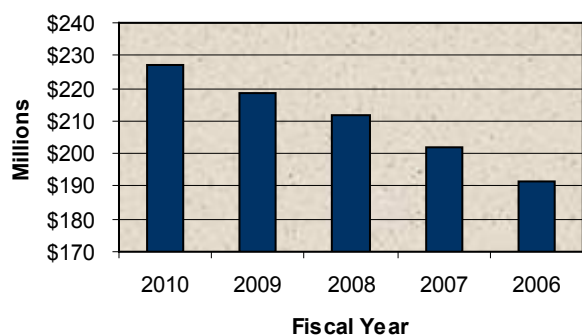
Results: FINANCIAL INFORMATION

In the past 10 years, the Department has made a cumulative contribution of over \$223.3 mmillion (\$223,357,110) to the General Fund to help pay for important resident services such as education, infrastructure and police and fire services.

Contributing factors are a high level of customer service both wholesale and retail; competitive promotions; and availability to customers for special assistance in product location, training and guidance. Restricting factors include the overall national trend that points to flattening consumption; the economy; and the departments limited advertising strategy, which reflects the County's role in this business operation.

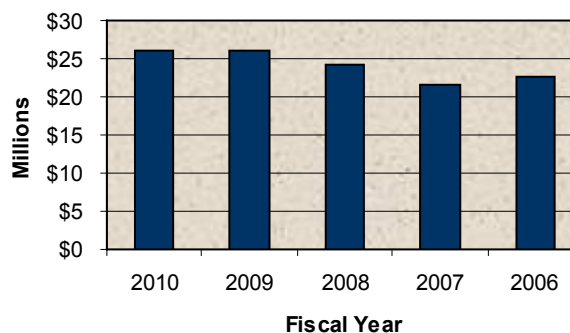
RESULTS OF OPERATION

Sales, 2006-2010



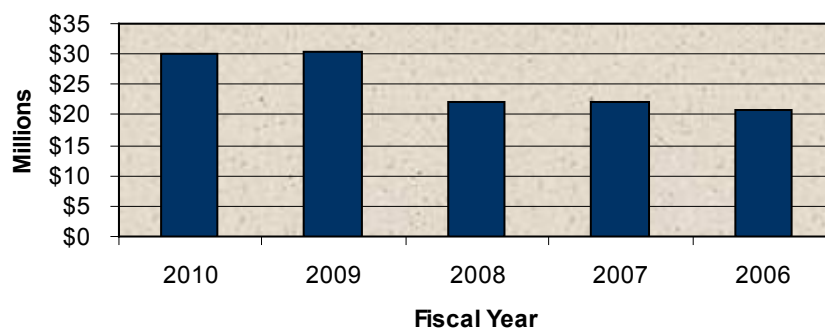
Liquor Control's sales from continuing operations in FY 2010 were \$227,335,338

Income, 2006-2010



Liquor Control's income in FY 2010 was \$26,150,086

Transfers to the General Fund



Liquor Control's transfer to the General Fund in FY 2010 was \$30,175,062

Results: FINANCIAL INFORMATION

SALES IN TOTAL AND BY DIVISION, FY 2001-2010

Fiscal Year	Total Sales (\$)	% Change	Retail Sales (\$)	% Change	Warehouse Sales (\$)	% Change	Warehouse Beer Sales (\$)	% Change	Warehouse Liquor/Wine Sales (\$)	% Change
2010	227,335,338	3.82	106,247,721	5.99	121,087,617	1.98	71,884,734	1.70	49,242,883	2.4
2009	218,750,580	3.23	100,041,953	4.85	118,708,597	1.90	70,643,269	1.94	48,065,328	1.84
2008	211,914,002	5.05	95,416,786	6.18	116,497,216	4.14	69,301,376	4.76	47,195,840	3.26
2007	201,721,589	5.43	89,859,669	7.45	111,861,920	3.86	66,154,446	2.17	45,707,474	6.41
2006	191,333,415	7.54	83,628,976	8.86	107,704,439	6.55	64,752,051	5.99	42,952,388	7.39
2005	177,911,175	5.79	76,823,377	8.16	101,087,798	4.06	61,089,995	2.62	39,997,803	6.33
2004	168,172,236	7.09	71,024,249	8.41	97,147,987	6.14	59,530,471	5.61	37,617,516	6.99
2003	157,039,353	4.63	65,512,134	8.75	91,527,225	1.87	56,366,974	-0.21	35,160,251	5.40
2002	150,085,202	6.69	60,242,390	8.74	89,842,812	5.36	56,484,764	6.18	33,358,048	3.99
2001	140,675,770	6.74	55,400,821	10.12	85,274,949	4.66	53,197,445	5.02	32,077,504	4.08



Results: FINANCIAL INFORMATION

GENERAL FUND TRANSFERS

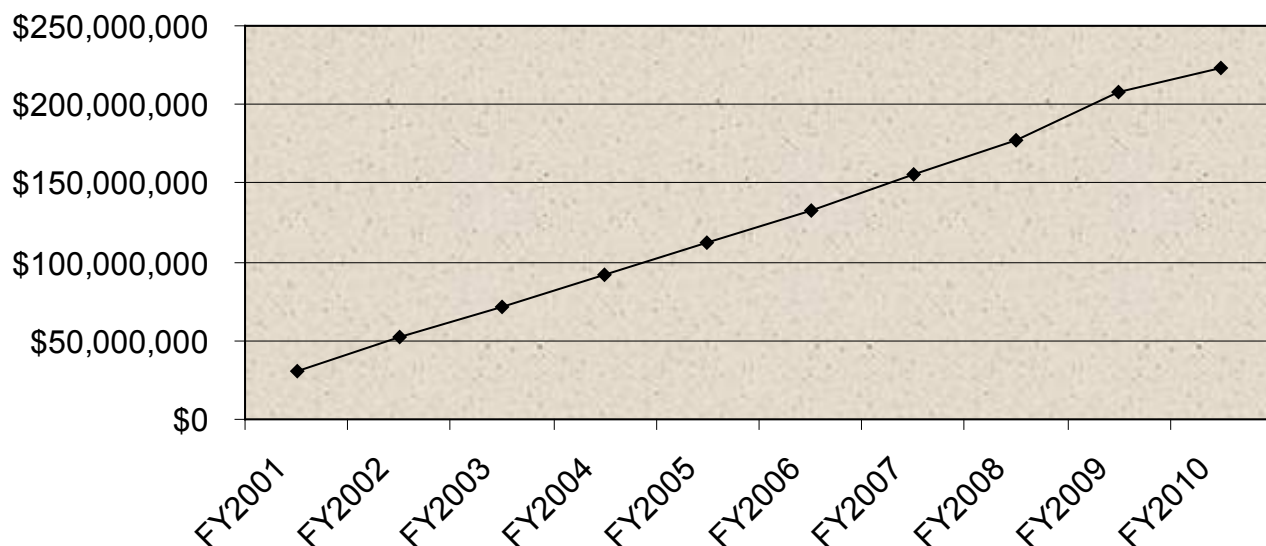
Fiscal Year	Transfer	Cumulative Transfer
2010	\$30,175,062	\$223,357,110
2009	\$30,410,060	\$193,182,048
2008	\$22,168,275	\$162,771,988
2007	\$22,149,050	\$140,603,713
2006	\$20,698,760	\$118,454,663
2005	\$20,503,510	\$97,755,903
2004	\$20,501,030	\$77,252,393
2003	\$18,985,890	\$56,751,363
2002	\$22,334,790	\$37,765,473
2001	\$15,430,683	\$15,430,683

After paying all expenses and retaining a small amount of operating capital, Liquor Control transfers profits to the General Fund to pay for important county services. In Fiscal Year 2010, Liquor Control transferred \$30,175,062; the cumulative contribution in the last 10 years amounted to \$223,357,110.

\$223.3 Million

Liquor Control contributed over \$223.3 million to the General Fund in the last 10 years.

**Cumulative General Fund Transfers
FY01 through FY10**



Vision: LOOKING TOWARD THE FUTURE

Fiscal year 2011 brings an extremely lean budget, causing us to be mindful that the serious fundamental economic pressures of the past two years remain with us. In the new fiscal year, employees are required to participate in a furlough program to further reduce workforce-related overhead costs.

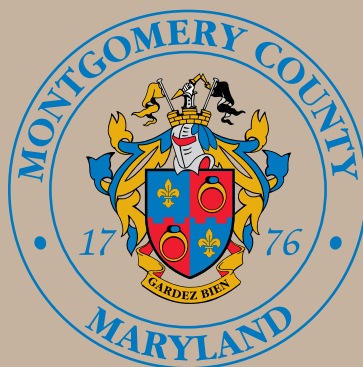
The total fiscal year 2011 Montgomery County Operating Budget is lower in real dollars (total actual spending) than was the fiscal year 2010 budget, which is the first actual decline in total annual spending in the Department's history.

While this has required us to defer or eliminate some plans for expansion and program enhancements, we are still on track to complete the successful implementation of our new point-of-sale retail system, and to prepare for our relocation to our new warehouse facility in early 2012.



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